

KENTUCKY REAL ESTATE APPRAISERS BOARD

TYPE OF MEETING

Regular Meeting

DATE AND LOCATION

January 23, 2014 – Holiday Inn University Plaza, Bowling Green, KY

PRESIDING OFFICER

Harold Brantley, Chair

ROLL CALL

Present:

Harold Brantley, Chair
Sam Blackburn, Vice Chair
G. Herbert Pritchett, Board Member
Kathy Mayfield, Board Member
Thomas Oliver, Board Member

Present Also:

Larry Disney, Executive Director
Tom Veit, Executive Assistant
Angie Thomas, Staff Assistant
Kim Mathias, Executive Secretary
James Grawe, Board Counsel

Chair, Harold Brantley opened the meeting and welcomed the guest in attendance.

MINUTES

Motion by Sam Blackburn, second by Kathy Mayfield and the Board unanimously approved the December 20, 2013 minutes. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Abstain. He was not in attendance at the December Board Meeting; Kathy Mayfield – Yes; Thomas Oliver – Yes.

EDUCATION

Motion by Kathy Mayfield, second by Thomas Oliver, and the Board unanimously approved the following education courses for Fiscal Year 2013-2014. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes.

- (1) Dynasty School
 - (a) 2014-2015 National USPAP Update – 7 hours CE online
 - (b) 2014-2015 National USPAP Course – 15 hours QE online
- (2) McKissock, LP
 - (a) 2015-2015 National USPAP Course – 15 hours QE online
- (3) KREAB
 - (a) KREAB News, Views & Updates – Appraiser Liability Issues & Prevention – 7 hours CE online
- (4) Bryan S. Reynolds and Associates
 - (a) 2014-2015 National USPAP Update Course – 7 hours CE classroom
 - (b) Today's FHA and VA 200 – 7 hours CE classroom
- (5) Appraisal University
 - (a) 2014-2015 National USPAP Update – 7 hours CE online

Motion by Sam Blackburn, second by Kathy Mayfield, and the Board unanimously approved the following education course for Fiscal Year 2013-2014. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Abstain – He will be teaching the class; Kathy Mayfield – Yes; Thomas Oliver – Yes.

- (1) Kentucky Association of Real Estate Appraisers
 - (a) Justifying Adjustments in the Sales Comparison Approach – 3.5 hours CE classroom

EXPERIENCE REVIEW

Motion by Sam Blackburn, second by Thomas Oliver, and the Board unanimously approved the following experience. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes.

- (1) Leigh Bolinger – Approve experience for Certified Residential. She must successfully pass the Certified Residential exam.

Motion by Thomas Oliver, second by Kathy Mayfield, and the Board approved the following experience. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Abstain – He is an employee of Mr. Pritchett; Kathy Mayfield – Yes; Thomas Oliver – Yes.

- (1) Earle Eversole – Approve experience for Certified Residential. He must successfully pass the Certified Residential exam.

Motion by Thomas Oliver, second by Kathy Mayfield, and the Board unanimously approved the following experience. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes.

- (1) Matt Garner – Approve experience for Certified Residential. He must successfully pass the Certified Residential exam.
- (2) John Tidwell – Approve experience for Certified General. He must successfully pass the Certified General exam.

CERTIFICATION/LICENSURE

- A. Appraisers – Motion by Thomas Oliver, second by Kathy Mayfield, and the Board voted to approve the following list of appraisers. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes.
 - (1) Noah B. Furrow – Associate
 - (2) Robert Pielsticker – Certified General (CO)
 - (3) Trevor L. Ritchie - Associate
- B. AMC Companies – The Board recognized the newly licensed AMC Companies
 - (1) Core Valuation Management, Inc. #136
 - (2) Republic Appraisal Management Services, LLC - #137
 - (3) Accusured Management, LLC - #138

COMPLAINT

- A. The Board reviewed the Case Summary Chart. Tom Viet reported four cases have been filed in 2014 and 30 cases outstanding.
- B. Case No. 13-15 – Motion by Sam Blackburn, second by G. Herbert Pritchett and the Board unanimously agreed to file a formal complaint and set the case for a hearing. Additional discussion followed the above vote. Mr. Pritchett stated that based upon his reading of the agency investigation report; if the matter is mediated prior to a hearing the mediation panel should evaluate the severity of deficiencies and possibly consider a aggravating circumstance due to a review appraiser being dismissed from the list of approved appraisers maintained by the client of the assignment as a result of critical review comments for the appraisal report that was the subject of the allegations in this matter. The Board did not vote on this discussion. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes.
- C. Case NO. 13-20 - Motion by Sam Blackburn, second by Thomas Oliver, and the Board unanimously dismissed the case. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes.

- D. Case No. 13-21 - Motion by Kathy Mayfield, second by Sam Blackburn, and the Board unanimously dismissed the case. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- E. Case No. 13-22 - Motion by G. Herbert Pritchett, second by Thomas Oliver, and the Board unanimously agreed to file a formal complaint and set the case for a hearing. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- F. Case No. 13-23 – Motion by Thomas Oliver, second by Sam Blackburn, and the Board unanimously agreed to file a formal complaint and set the case for a hearing. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- G. Case No. 13-23 - G. Herbert Pritchett advised the Board that he felt a grievance should be filed for the third appraisal submitted with case. Motion by Thomas Oliver, second by Kathy Mayfield and the Board agreed sufficient evidence presented on the issues in the appraisal report that a grievance should be filed. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- H. Case No. 13-27 - Motion by Sam Blackburn, second by G. Herbert Pritchett, and the Board unanimously agreed to file a formal complaint and set the case for a hearing. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- I. Case No. 13-28 - Motion by Sam Blackburn, second by Thomas Oliver, and the Board unanimously agreed to file a formal complaint and set the case for a hearing. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- J. Case No. 13-29 - Motion by Thomas Oliver, second by Sam Blackburn, and the Board unanimously agreed to file a formal complaint and set the case for a hearing. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- K. Case No. 13-34 - Motion by Sam Blackburn, second by Kathy Mayfield, and the Board unanimously dismissed the case. G. Herbert Pritchett commented that the Board should stress at the Board seminars the importance of complete workfiles. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- L. Case No. 13-35 - Motion by Sam Blackburn, second by Kathy Mayfield, and the Board unanimously dismissed the case. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes

- M. Case No. 13-36 - Motion by Thomas Oliver, second by Sam Blackburn, and the Board unanimously agreed to file a formal complaint and set the case for a hearing. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- N. Case No. 13-39 - Motion by Sam Blackburn, second by Kathy Mayfield, and the Board unanimously dismissed the case. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- O. Sam Blackburn commended Tom Veit on the way he has written the investigation reports. The reports are very precise.
- P. Case No. 13-11 - Motion by Thomas Oliver, second by Kathy Mayfield, and the Board unanimously agreed to dismiss the case. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- Q. Case Nos. 12-63 and 12-68 - Motion by Sam Blackburn, second by Thomas Oliver, and the Board unanimously accepted the agreed order. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- (a) Appraiser shall complete a 15 hour Market Analysis Highest and Best Use Course with successful completion of the examination and a 15 hour Site Valuation and Cost Approach course with successful completion of the examination and a 15 hour Sales Comparison Approach course with successful completion of the examination and a 7 hour Appraising Manufactured Homes. Said 52 hours of education shall be in addition to the required continuing education of 201 KAR 30:050 Section 7. The course work required herein shall be completed by December 31, 2014.
 - (b) Appraiser agrees to submit a log to the Board every 3 months for a period of one year or until satisfactory results.
 - (c) Appraiser agrees to not act as a supervising appraiser until the terms of the agreed order have been completed and the Board has determined her qualified to supervise Associates.
 - (d) Appraiser agrees that the Board shall not renew her certification for the 2015 renewal cycle July 1, 2015 until she has completed the terms set out in paragraph (a-c) of this order.
- R. Case No. 13-04 – Motion by Sam Blackburn, second by Kathy Mayfield, and the Board unanimously accepted the agreed order. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- (a) Appraiser shall be fined the sum of \$250.00 with total amount due with the signed agreed order.
 - (b) Appraiser shall complete a 15 hour Site Valuation & Cost Approach course with successful completion of the examination. Said 15 hours of education shall be in

addition to the regular continuing education requirement of 201 KAR 30:050 Section 7. The course work required herein shall be completed by June 30, 2014.

- (c) Appraiser completed a 15 hour Market Analysis & Highest and Best Use course in April 18 & 19, 2013. Credit will be awarded for completion of this course due to the course being completed after complaint report was received.
- (d) Appraiser agrees that the Board shall have the right to review files for a period of two years from the date of the agreed order.
- (e) Appraiser agrees that the Board shall not renew his certification for the 2014 renewal cycle July 1, 2014 until he has completed the requirements of the terms set out in paragraph (a-c) of this order.

Keavin Hayden addressed the Board that it was his understanding the names of the appraiser would not appear on the agenda. James Grawe advised that because of the open records act all documents are under the open records rule.

- S. Case No. 13-04 - Motion by Sam Blackburn, second by Kathy Mayfield, and the Board unanimously accepted the agreed order. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
 - a. Appraiser shall be fined the sum of \$250.00 with total amount due with the signed agreed order.
 - b. Appraiser shall complete a 15 hour Site Valuation & Cost Approach course with successful completion of the examination and a 15 hour Residential Market Analysis & Highest and Best Use with successful completion of the examination. Said 30 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050 Section 7. The course work required herein shall be completed by June 30, 2014.
 - c. Appraiser agrees that the Board shall have the right to review files for a period of two years from the date of the agreed order.
 - d. Appraiser agrees that the Board shall not renew his certification for the 2014 renewal cycle July 1, 2014 until he has completed the requirements of the terms set out in paragraph (a-c) of this order.

PERSONAL SERVICE CONTRACTS

(1) 2014-2016 – Testing Contract

- a. The Board was advised that PSI Testing currently holds the contract and they can either bid a new contract or renew the contract for two fiscal years. Motion by Thomas Oliver, second by Kathy Mayfield, and the Board unanimously agreed to renew the contract for two fiscal years. The Board voted to renew the contract for \$5,000 per year. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes

(2) 2014-2016 – Investigator Contract

- a. The Board was advised that Badger Investigative Services hold the contract and they can either bid a new contract or renew the contract for two fiscal years. Motion by Sam Blackburn, second by G. Herbert Pritchett and the Board voted unanimously to renew the contract for two fiscal years and set the amount of the contract for \$50,000 per year. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes

(3) 2014 PSI Contract Increase

- a. Motion by Sam Blackburn, second by G. Herbert Pritchett and the Board unanimously agreed to increase the PSI testing contract in the amount of \$3,000. The increase is due to the number of individuals trying to get licensed/certified before the 2015 changes.

MISCELLANEOUS

The Board reviewed and discussed the following information:

- A. Motion by Sam Blackburn, second by Kathy Mayfield and the Board unanimously accepted the Budget ending December 2013. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes.
- B. Customary and Reasonable Fees – Larry commented – Do we have authority to complete a customary and reasonable fee study? James Grawe will review if we have the authority and report back to the Board.
- C. Appraisal Reporting Issues – Larry Disney commented on appraisal reports and issues seen in reports submitted to the Board. The Board agreed to make appraisers aware of these issues.
- D. FBI Background Check Reports – The Board was advised if an individual submits information to the Board that was also received in a background that information the individual submitted can be given to the Board for review. If individual does not submit the information a hearing will be set. Motion by Sam Blackburn, second by Kathy Mayfield and the Board unanimously accepted this policy. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- E. FBI Background Check and Application – Motion by Sam Blackburn, second by Kathy Mayfield and the Board unanimously agreed to begin March 1, 2014 requesting background checks for new applicants. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes.
- F. Grievance Case Recommendation Process for Minor Violations and Issues. Motion by Kathy Mayfield, second by Sam Blackburn and the Board agreed to take each Board member on a rotating basis to sit with Larry Disney and Tom Veit to settle cases set for mediation. The Board also agreed that cases that have minor violations and are to be dismissed should be settled quicker. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes.
- G. Letter from George Chapman to Board – Motion by Sam Blackburn, second by Kathy Mayfield and the Board agreed for Larry to respond to Mr. Chapman letter. Harold Brantley and Thomas

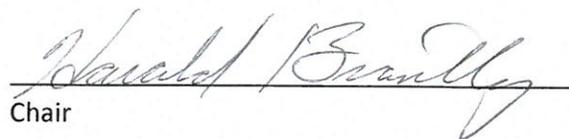
Oliver made comment. The Board will advise Mr. Chapman that he can refer to the Bank regulation of the bank complaining and he can file complaint with appropriate authority. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – abstain.

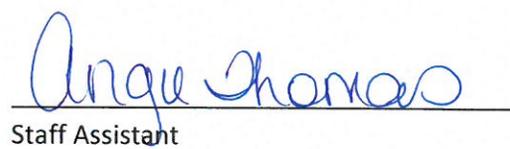
- H. Proposed Legislative Amendments for KRS 324A.065 Disposition of fees and KRS 324A.163 Administration of Appraisal management Company Recovery Fund – Restitution to real property appraisers –Administrative Regulations – Annual Public Statement of Income and expenses documents sent – Motion by G. Herbert Pritchett, second by Sam Blackburn and the Board agreed to submit the regulation amendments. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- I. Lynn Prichard – Franklin Circuit Court Agreed Order Dismissing – James Grawe advised the Board the appeal was still pending and he will file for appeal with Franklin Circuit Judge.
- J. 201 KAR 30:375 – Regulation Changes – The Board was advised a Statement of Considerations will be prepared and submitted at the February Board meeting. After review by the Board, the statement will be filed with the Legislative Review Committee. Sam Blackburn stated his is against the regulation change.
- K. Email from Dann Cann – The Board reviewed the email concerning AMC requiring background checks.
- L. AARO Spring Conference – April 10-15, 2014
- M. The Board was advised that \$100,000 will be swept from the Board budget in 2015 and 2016.
- N. Delegation of Authority of Staff – The Board stated that the Executive Director never has made a decision on any personal service contracts. All contracts are approved by the Board. It is the Board knowledge, as long as they currently have been on Board, that Larry Disney has not made into agreement or has the authority to make agreements with any contract. Motion by Sam Blackburn, second by Kathy Mayfield and the Board agreed with the delegation of authority of staff. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Abstain.
- O. Board Objectives – Larry Disney advised the Board that we have met all the 2014 and 2015 criteria changes. The office staff, website and investigator are going great.
- P. Motion by G. Herbert Pritchett, second by Sam Blackburn and the Board agreed for Larry to proceed with the finding information on the RapBack background check for AMC and Appraisers. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes
- Q. The next meeting of the KREAB will be February 10, 2014 at 1:00 p.m. at Louisville, KY.

Motion by Sam Blackburn, second by Thomas Oliver, and the Board voted to go into executive session to discuss legal matters. Roll call – Sam Blackburn – Yes; G. Herbert Pritchett – Yes; Kathy Mayfield – Yes; Thomas Oliver – Yes

Motion by Sam Blackburn, second by Thomas Oliver, and the Board voted to return from executive session.

Motion by Kathy Mayfield, second by Sam Blackburn, and the Board voted to adjourn the meeting.


Chair


Staff Assistant